

I write in regards to the reasonable and customary fees provision. Since HVCC essentially mandated appraisal ordering from appraisal management companies, it created a virtual monopoly for a very few large national management companies who have tried to dictate fees, in many cases substantially below the market while charging higher fees to the borrowers, but paying less than half in some cases to the appraiser. While the decision to accept or decline assignments from these companies is generally a business decision, some have resorted to bullying tactics. A case in point is a large national lender which we have done work for over the years now uses a large appraisal management company who now pay a fee less than market rates. One of the appraisers in my office turned down several appraisal assignments based upon the fee offered by the management company. The management company contacted him and indicated since he declined several assignments he would be placed on two weeks probation. If after that time, if he still turned down assignments due to fee, he would be removed from the lender's approved list. When he asked if he could raise his fee in their profile, he was told that any change would exceed their maximum allowable fees. The threat of an appraiser's removal from an approved list is essentially a threat of blacklisting as most lenders and appraisal management companies would not use an appraiser who has been removed from an approved list. This is not a free market system.

The business model of most appraisal management companies is to earn their fees on the appraisal fees charged by the lender. In the past, these costs were those of the lending institutions and paid for by fees connected to lending transactions. They should not be paid for by fees collected for appraisals.